

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 0418

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EO 11652: N/A

TAGS: ETRD, MTN, PN

SUBJECT: MTN - U.S. NEGOTIATING OBJECTIVES: INTERIM RESPONSE

REF: STATE 308918

PANAMA'S TRADE POLICY, AS REFLECTED IN TARIFF RATES, QUOTAS, AND IMPORT LICENSING REQUIREMENTS, HAS BEEN DESIGNED TO ENCOURAGE DOMESTIC INDUSTRIAL DEVELOPMENT WHILE MAINTAINING PANAMA'S TRADITIONAL POSITION AS AN ENTREPOT. DESPITE A CHRONIC DEFICIT IN ITS BALANCE OF TRADE, THE GOP HAS NOT RESORTED TO HIGHER TARIFFS OR NON-TARIFF MEASURES TO NARROW THE DEFICIT, BUT RATHER HAS CONCENTRATED ON DEVELOPMENT PROJECTS DESIGNED TO INCREASE EXPORTS AND REDUCE THE COUNTRY'S DEPENDENCE ON COSTLY IMPORTED PETROLEUM. THE FOLLOWING SPECIFIC COMMENTS ARE KEYED TO THE SPECIFIC POINTS RAISED IN REFTEL:

(A) TARIFF CONCESSIONS ON A COUNTRY TARIFF LINE BASIS TO BENEFIT SPECIFIC U.S. EXPORT PRODUCTS DO NOT APPEAR NECESSARY IN THE PANAMANIAN MARKET--U.S. PRODUCTS CONTINUE TO HOLD A 40 PERCENT MARKET SHARE OF NON-PETROLEUM IMPORTS.

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THE U.S. MARKET SHARE HAS DECLINED OVER THE LONG TERM AS A RESULT OF INDUSTRIAL DEVELOPMENT IN OTHER LATIN AMERICAN COUNTRIES WHICH HAS DIVERSIFIED THE SOURCES OF SUPPLIES AVAILABLE TO THE PANAMANIAN CONSUMER. OUR INTEREST WILL BEST BE SERVED BY MAINTAINING THE CLOSE COMMERCIAL TIES WE HAVE ENJOYED WITH PANAMA RATHER THAN SEEKING CONCESSIONS WHICH MIGHT

FAN THE FLAMES OF ECONOMIC NATIONALISM HERE.

(B) PANAMA HAS NO SIGNIFICANT NON-TARIFF MEASURES ADVERSELY AFFECTING U.S. TRADE OR THE U.S. SHARE OF THE MARKET.

(C) PANAMA'S PRIMARY GOALS IN MTN ARE DIRECTED TOWARD IMPROVING ITS ACCESS TO THE UNITED STATES MARKET, WHICH HAS TRADITIONALLY BEEN AND CONTINUES TO BE THE DESTINATION FOR A MAJORITY OF PANAMA'S EXPORTS. THE GOP IS SPECIFICALLY CONCERNED WITH:

- THE RECENT TRIPLING OF THE DUTY ON RAW SUGAR BY THE UNITED STATES, A UNILATERAL ACTION CARRIED OUT WITHOUT PRIOR CONSULTATION WITH PRODUCING COUNTRIES;
- THE VARIETY OF NON-TARIFF BARRIERS THAT THEY PERCEIVE BOTH IN THE OPERATION OF THE VOLUNTARY RESTRAINT PROGRAM ON MEAT IMPORTS INTO THE U.S. AND IN THE APPLICATION OF USDA AND FDA SANITARY REGULATIONS TO IMPORTS OF MEAT AND SHRIMP, WHICH OFTEN RESULTS IN REJECTION OF PRODUCTS SHIPPED TO THE U.S.;
- MAINTAINING MARKET ACCESS TO LATIN AMERICAN REGIONAL TRADING GROUPS, PARTICULARLY CACM. GOP HAS SUCCESSFULLY NEGOTIATED BILATERAL TRADE AGREEMENTS WITH CACM COUNTRIES GIVING IT TARIFF TREATMENT GENERALLY EQUIVALENT TO MEMBER COUNTRIES.

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Sent Date: 19-Jan-1977 12:00:00 am
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Disposition Approved on Date:
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